

Chapter 1

Why eBay Is a Great Place to Buy and Sell

In This Chapter

- ▶ Finding out about eBay
 - ▶ Getting the low-down on types of auctions
 - ▶ Using features and fun stuff
 - ▶ Getting the inside track on digital cameras and scanners
-

eBay has emerged as *the* marketplace for the twenty-first century. The founders had a very clever idea back in 1995 (read about some eBay history in the 'eBay's humble beginnings' sidebar later in this chapter), and over a decade later the world is obsessed with shopping and selling online. eBay is a safe and fun place to shop for everything from collectables to clothing, all from the comfort of your home.

eBay is now also a marketplace for new merchandise. It's no longer just the destination for obscure collectables and old china patterns. These days you can buy new and useful items, such as alarm systems, fancy electric toothbrushes, designer clothing, cars, homes, villas in Portugal – more or less anything you can think of.

Have a look around your house. Nice toaster. Unusual clock. Natty microwave. Not to mention all the other fab stuff you own. All these household appliances and collectables are lovely to own, but when was the last time your toaster turned a profit? When you connect to eBay, your PC or Mac magically turns into a money machine. Just visit eBay and marvel at all the items that are only a few mouse clicks away from being bought and sold.

In this chapter, we tell you what eBay is and how it works. eBay is the perfect alternative to spending hours wandering through antique shops or car boot sales looking for the perfect thingamajig. It can also be your personal shopper for presents and day-to-day items. Not only can you buy and sell stuff in the privacy of your home, but you can also meet people who share your interests. The people who use the eBay site are a friendly crowd, and you can very quickly be buying, selling, swapping stories, and trading advice with the best of them.

What Is eBay, and How Does It Work?

The Internet is spawning all kinds of new businesses (known as e-commerce to City types), and eBay is one of its few superstars. The reason is simple: It's the place where buyers and sellers can meet, do business, share stories and tips, and have a laugh.

eBay doesn't sell a thing. Instead, the site does what all good hosts do: It creates a comfy environment that brings people with common interests together. You can think of eBay as you think of the person who set you up on your last blind date – except the results are often a lot better. Your matchmaking friend doesn't perform a marriage ceremony but does get you in the same room with your potential soul mate. eBay puts buyers and sellers in a virtual shop and lets them conduct their business safely within the rules that it has established.

All you need to do to join eBay is fill in a few online forms and click. Congratulations – you're a member, with no big fees or secret handshakes. After you register, you can buy and sell anything that falls within the eBay rules and regulations. (Chapter 2 eases you through the registration process.)

The eBay home page, shown in Figure 1-1, is your first step to finding all the smart things you can see and do at eBay. You can conduct searches, find out what's happening, and get an instant link to the My eBay page, which helps you keep track of every auction item you have up for sale or are bidding on. You can read more about the eBay home page in Chapter 3 and find out more about My eBay in Chapter 4.

Figure 1-1:
The eBay
home page,
your starting
point for
bargains
and for
making
some
serious
cash.



All about Auctions

The value of an item is determined by how much someone is willing to spend to buy it. That's what makes auctions exciting. eBay offers several kinds of auctions, but for the most part, they all work the same way. An auction is a unique sales event where the exact value of the item for sale is not known. As a result, an element of surprise is involved – not only for the bidder (who may end up with a tasty bargain) but also for the seller (who may end up making a killing). Here's how an auction works from the perspective of a seller and a bidder:

- ✓ **Seller:** A seller pays a fee, fills in an online form, and sets up the auction, listing the minimum bid he is willing to accept for the item. Think of an auctioneer at Sotheby's saying, 'The bidding for this diamond necklace starts at \$5,000.' You may want to bid \$4,000, but the auctioneer won't accept that bid. Sellers can also set a reserve price, sort of a financial safety net that protects them from losing money on the deal. We explain how these things work later in this section.
- ✓ **Bidder:** Bidders in auctions battle it out over a period of time (the minimum is one day, but most eBay auctions last a week or 10 days) until one comes out victorious. Usually, the highest bidder wins. The tricky thing about taking part in an auction (and the most exciting part) is that no one knows the final price an item goes for until the last second of the auction.

eBay auctions

Unlike 'traditional' live auctions that end with the familiar phrase 'Going, going, gone!' the clock controls eBay auctions. The seller pays a fee and lists the item on the site for a pre-determined length of time; the highest bidder when the clock runs out takes home the prize.

Reserve-price auctions

Unlike a minimum bid, which is required in any eBay auction, a reserve price protects sellers from having to sell an item for less than the minimum amount they want for it. You may be surprised to see a 1968 Jaguar XKE sports car up for auction on eBay with a minimum bid of only a pound. It's a fair bet that the seller has put a reserve price on this car to protect himself from losing money. The reserve price allows sellers to set lower minimum bids, and lower minimum bids attract bidders. Unfortunately, if a seller makes the reserve price too high and no one has met it by the end of the auction, no one wins.

eBay's humble beginnings

The long-standing urban myth says that eBay all started with a Pez dispenser. But as romantic as the story is (of the young man who designed the site for his fiancée to trade Pez dispensers) it sadly was public relations spin. The founder, Pierre Omidyar, had the right vision at the right time, and the first item he sold on the site was a broken laser pointer. As the days went by, new people were drawn to the site from Internet chatter. The site eventually grew to the point where it began to strain Pierre's Internet Service Provider (ISP). The ISP charged him

more, so he started charging a small listing fee for sellers, just to break even. Legend has it that the day Pierre clocked up \$10,000 in fees he gave up his day job. (We hope that's not apocryphal too!)

eBay was born in September 1995. The name eBay is taken from California's Echo Bay, the name Pierre originally wanted for his company. But another company had taken that name, so he shortened the name to eBay – and the rest, as they say, is history.

eBay charges a fee for sellers to run these auctions. Nobody (except the seller and the eBay computer system) knows what the reserve price is until the auction is over, but you can tell from the auction page whether you're dealing with a reserve-price auction. Reserve-price auctions are in the listings alongside the other items, so you have to click and open an auction to find out whether it has a reserve. If bids have been made on an item, a message also appears on the page saying whether the reserve price has been met. You can find out more about bidding on reserve-price auctions in Chapter 6 and about setting up a reserve-price auction in Chapter 9.

Private (shhh-it's-a-secret) auctions

Some sellers choose to hold private auctions because they know that some bidders may be embarrassed to be seen bidding on a pair of kinky boots in front of the rest of the eBay community. Others may go the private route because they are selling very valuable items and don't want to disclose their bidder's financial status.

Private auctions are run like the typical timed auctions except that each bidder's identity is kept secret. At the end of the auction, eBay provides contact info to the seller and to the high bidder, and that's it.

You can send e-mail questions to the seller in a private auction, although you can't check out your competition because the auction item page shows the current bid price but not the high bidder's User ID.

Multiple Item (Dutch) auctions

Multiple Item or Dutch auctions have nothing to do with clogs, Edam cheese, or halving the bill on a date. A Multiple Item auction allows a seller to put multiple, identical items up for sale. Instead of holding 100 separate auctions for 100 pairs of clogs, for example, a seller can sell them all in one listing. As a buyer, you can elect to bid for 1, 3, or all 100 pairs. But unless you're running an alternative Euro-boutique (or know a giant centipede who needs all those clogs), you probably want to bid on just one pair. For more on Multiple Item auctions, see Chapter 7.

A Multiple Item auction can't be conducted as a private auction.

Buying It Now at eBay

You don't have to bid in an auction on eBay to buy something. If you've found something you want to buy – something you *must* have and you don't want to wait for an auction to end – you've a good chance of finding one on eBay to buy immediately. Of course, using Buy It Now (BIN in eBay speak) doesn't have the thrill of an auction, but buying an item for a fraction of the retail price without leaving your chair or waiting for an auction to end has its own warm and fuzzy kind of excitement. If you seek this kind of instant gratification on eBay, look for the Buy It Now icon in the lists of items for sale. You can also visit the eBay shops, where you find loads of Buy It Now items lined up for the taking. For more on how Buy It Now sales work, check out Chapter 6.

Charity auctions: All for a good cause

An *eBay for Charity* auction is a fundraising auction where the proceeds go to a selected charity. Most people don't wake up in the morning wanting to own a seven-foot quilt signed by Terry Wogan, but one-of-a-kind items like that are often auctioned off in charity auctions. (In fact, someone did want that quilt badly enough to buy it for a lot of money on eBay.) Charity auctions are run like most other eBay auctions, but because they're immensely popular, bidding

can be fierce, and the prices can go sky-high. Many celebrities use eBay to help out their favourite charities, and sometimes you can get your hands on unique memorabilia as well as helping a good cause – it's a win-win situation for everyone. If you fancy doing your bit to help and gain some instant karma while you're at it, why not donate some or all your profits from your auction sales to charity? You can read more about it in Chapter 19.

eBay Shops

Visiting eBay Shops is as easy as clicking the eBay Shops link from the home page. Thousands of eBay sellers have set up shops, with much of the merchandise available to Buy It Now. Here you can buy anything from socks to jewellery to sports memorabilia – or even a kitchen sink!

Sellers who open an eBay shop have to meet a certain level of experience on eBay, and when you buy from eBay Shops, you're protected by the same fraud protection policy that covers you in eBay auctions. Figure 1-2 shows the eBay Shops home page.

eBay Express

If you need your stuff delivered quickly, head over to eBay Express (take a look at Figure 1-3 to see the eBay Express home page). eBay Express has the look and feel of a conventional shopping Web site. All the items on the (virtual) shelves are new and for sale at fixed prices, so you don't bid like on the main eBay site.

As with many other shopping Web sites, you find the item(s) that you want and place them in a basket. Unlike with the main eBay site, with eBay Express you can buy from multiple sellers in a single session. Check out Chapter 11 for how to use eBay Express.

So You Want to Sell Stuff

If you're a seller, creating an auction page at eBay is as simple as filling in an online form. You type in the name of your item and a short description, add a crisp digital picture, set your price, and voilà – your auction has begun. (Okay, things are a tad more involved than that, but not much.) eBay charges a small fee (£0.15 to £2.00) for the privilege of holding an auction. When you list your item, millions of people (eBay has more than 233 million registered users) from all over the world can have a gander at it and place bids. With a bit of luck, a bidding war may break out and drive the bids up high enough for you to turn a nice profit. After the auction, you deal directly with the buyer, who sends you the payment through a payment service such as PayPal or through the post. Then you send the buyer the item. Abracadabra – you just turned your item (unwanted clutter, perhaps) into cash.

You can run as many auctions as you want, all at the same time. To get info on deciding what to sell, leaf through Chapter 9; to find out how to set up an auction, jump to Chapter 10; and to get the inside word on advanced selling,

visit Chapter 14. When you want to get really serious about your selling, see Chapter 15 and the appendices at the back of this book.

Figure 1-2:
From the
eBay Shops
home page,
you can
find almost
anything.

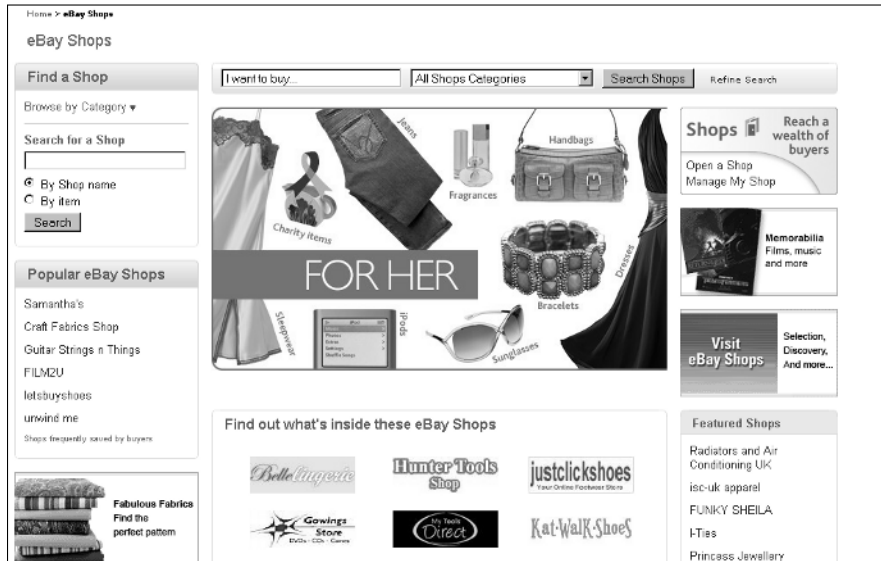
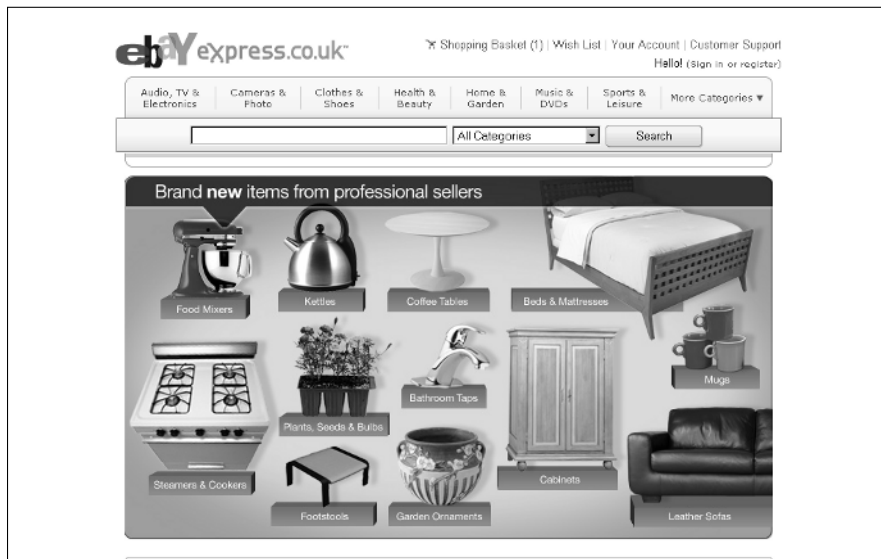


Figure 1-3:
eBay
Express
contains
only new
items at
fixed
prices.



So You Want to Buy Stuff

If you're a collector or you just like to shop for bargains, you can browse 24 hours a day through the items up for auction in eBay's thousands of categories, which range from Antiques to Wholesale lots. Find the item you want, do some research on what you're buying and who's selling it, place your bid, and keep an eye on it until the auction closes.

Have a look at Chapter 5 for info on searching for items to bid on. When you see an item you like, you can set up a bidding strategy and let the games begin. Chapter 7 gives you bidding strategies that can make you the winner. When you do win the auction, you can get expert advice about completing the transaction from Chapter 8.

You can bid as many times as you want on an item, and you can bid on as many auctions as you want. Just keep in mind that each bid is a binding contract, and you're required to pay if you win.

Research for Fun and Profit

eBay's powerful search engine allows you to browse through countless categories of items up for sale. As a buyer, you can do lots of comparison shopping for that special something you just can't live without, or simply browse around until something catches your eye. If you're a seller, the search engine allows you to keep your eye on the competition and get an idea of how popular your item is. That way, you can set a competitive price. To find out more about using search options and categories, see Chapters 3 and 5.

The search engine also lets you find out what other people are bidding on. From there, you can read up on their feedback ratings (eBay's ingenious reputation system, discussed in Chapter 4) to get a sense of what other customers thought of their service – before you deal with them.

eBay's Role in the Action

Throughout the auction process, eBay's computers keep tabs on what's going on. When the auction or sale is over, eBay takes a small percentage of the final selling price and sends an e-mail to the seller and buyer. At this point, eBay's job is more or less over, and it steps aside.

Most of the time, everything works fine, everybody's happy, and eBay never has to step back in. But if you happen to run into a spot of bother, eBay can help you settle the problem, whether you're the buyer or the seller.

eBay regulates members with a detailed system of checks and balances known as feedback, which is described in Chapter 4. The idea is that the eBay community polices itself. eBay is more than happy to jump in when dodgy dealings come to light, but the people who do most to keep eBay safe are the buyers and sellers themselves, those who have a common stake in doing business fairly and squarely. Every time you sell something or win an auction, eBay members have a chance to leave a comment about you. You should do the same for them. If they're happy, the feedback is positive; otherwise, the feedback is negative. Either way, your feedback sticks to you like glue.

Building a great reputation with positive feedback ensures a long and profitable eBay career. Negative feedback, like multiple convictions, is a real turnoff for most people and can make it hard for you to do future business on eBay.

If your feedback rating sinks to a -4 (minus 4), eBay suspends your buying and selling privileges. You can find out more about how eBay protects you as a buyer or a seller in Chapters 16 and 17.

Features and Fun Stuff

So eBay is all about making money? Not exactly. The people at eBay aren't joking when they call it a community – a place where people with similar interests can compare notes, argue, buy and sell, and meet each other. Yes, people have got married after meeting on eBay. (Wonder if they set up a wedding list on eBay?)

Getting into the community spirit

eBay has dozens of specific discussion boards and groups whose topics range from advertising to wildlife (no, you can't sell wildlife on eBay, but you can talk about it until your typing fingers hurt). So if you have no idea what that old Esso petrol station sign you found in your granddad's garden shed is worth, just post a message on the Community Question & Answer board. Somewhere out there is an expert with an answer for you. Your biggest problem is deciding whether to keep the sign or put it up for auction. Those are good problems to have!

One of the most useful places to hang around when you first start trading on eBay is the New to eBay help board. The people on this board don't slam you for asking basic questions, and they're always happy to help or at least lend an ear. For more about posting messages and joining eBay groups, visit Chapter 18.

eBay's Safety Centre

The Safety Centre is eBay's one-stop resource for information and services about keeping eBay safe – and for advice on what to do if things go wrong. Sometimes, despite your best efforts to be a good eBay user, buyers or sellers don't keep their word. In a small proportion of cases, unscrupulous chancers sometimes do invade the site and try to scam people. You may buy an item that isn't as it was described, or the winner of your auction doesn't send the payment. Sometimes even honest members get into disputes. The Safety Centre is an excellent resource for when you require questions answered or you need a professional to come in and settle an out-of-hand situation. Chapter 17 tells you all about the Safety Centre.

Extra Gadgets You May Want



As you get into the swing of buying and selling on eBay, you grow more comfortable with all the technical hoops you have to jump through to make the eBay magic happen. Once you're at that point, you may be ready to invest in a few extra gizmos, such as digital cameras and scanners that can make all the difference to your auction listings – and your profit margins. We offer all the details on using digital technology in your auctions in Chapter 14.